

Application No. 09/714,315
Amendment dated May 24, 2004
Reply to the Office Action of March 11, 2004

Amendments to the Specification:

Please replace the paragraph beginning at page 2, line 18, with the following rewritten paragraph:

--Generally, the transaction facilitator provides a medium through which a purchaser or a seller can make its goods and services known to a potential seller and purchaser, respectively. For example, a facilitator may be a website where a seller posts information regarding their product, including price information. Interested purchasers may then visit the website and view the product and sales information for multiple sellers. From this information, the purchaser may complete the transaction with the seller which has the most favorable terms. It is known that the converse situation can similarly occur whereby the purchaser posts information related to the product sought and terms of purchase, and potential seller[']s review the bid information to select the transaction with the most favorable terms. An example of such a portal is EBay®, whereby potential buyers and sellers post information on the Ebay® website, and the commerce participants are able to determine which option is the most desirable. Another example would include a business to business (B2B) online exchange. An e-commerce transaction facilitator provides a marketplace where a potential purchaser and a potential seller can negotiate and consummate an e-commerce transaction.--

Please replace the two paragraphs beginning at page 4, line 27, with the following rewritten two paragraphs:

--Cost for the exchange of currency can include a volume discount term relating to an aggregate notional volume associated with a participant of the transaction. The notional volume can be calculated on a periodic basis. The cost of exchange of currency can also be discounted according to a volume discount term relating to an aggregate number of transactions associated with a participant of the transaction, and/or a payment history associated with a participant of the transaction.

In one embodiment, the present invention can determine an exchange price according to a tolerance parameter for a foreign currency in which the amount relating to the deliverable is

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denominated. The exchange price can relate the foreign currency to a base currency and receive a spot price relating [for]to exchange of a foreign currency. If the spot price exceeds the tolerance parameter, the exchange can be renegotiated. A set exchange price can also be made valid for a predetermined time period for which the exchange price has been set. Accordingly, if the transaction will take place during the predetermined time period[;], the set exchange price can be applied.--

Please replace the paragraph beginning at page 5, line 18, with the following rewritten paragraph:

--Another aspect of the current invention provides for a purchase price to be converted from a denomination in a first currency associated with the transaction into a denomination in a second currency associated with the insurance. Alternatively, payment process can include a purchase amount that is converted from a denomination in a first currency associated with the transaction into a denomination in a second currency associated with payment terms.--

Please replace the paragraph beginning at page 6, line 25, with the following rewritten paragraph:

--In another aspect, the present invention can include a computer system for providing risk management relating to online transactions. A computer server can be made accessible with a network access device via a communications network; and executable software can be stored on the server and be made executable on demand via the network access device. Software operative with the server [to]can be utilized to determine a transaction price.--

Please replace the three paragraphs beginning at page 8, line 16, with the following rewritten, three paragraphs:

--A transaction facilitator 111 is connected to a dispersed network communications system. The transaction facilitator 111 can operate a medium, such as an internet website, whereby other computers that are part of the network communications system can send and retrieve information related to commercial transactions. For example, a seller 110[, commerce

participant] can use a computer to send information related to certain products or services he wants to sell. If the seller is located, for example, in Japan then the information displayed on his computer and the information sent to the transaction facilitator 111 will be in Japanese Yen. Such information can be received by the transaction facilitator 111 and posted on its website. If the transaction facilitator 111 is located in the United States, the transaction facilitator 111 may prefer to view and post this information in U.S. Dollars. When the information is received in Yen, the transaction facilitator 111 then sends such information to the currency exchange system, in the manner provided heretofore. The currency exchange system converts the financial information from Yen to Dollars, and transmits the converted information to the transaction facilitator 111 for display on the website.

Parties interested in the products or services being offered can then go the website and retrieve the information related to a commerce participant's offering. For example, a purchaser[, commerce participant (b)] 112 can go the website and retrieve such information. If the purchaser [is] were located in Europe, he preferably would view such information in Euros. The p[P]urchaser would inform the transaction facilitator 111 of, either automatically through his computer settings or as a selection on the website, the currency in which the purchaser would like to view the information. Once the transaction facilitator 111 has received such information, the transaction facilitator 111 can contact the currency exchange system. The currency exchange system would then convert the financial information from Dollars to the selected currency of the purchaser, in this case Euros, and then transmit the information back to the transaction facilitator 111. The transaction facilitator 111 could then send such information to the purchaser for viewing in Euros.

It will be apparent to those in the art that the risk management system 113 provided will allow all commerce participants and potential commerce participants to view the relevant financial information in the currency of their choice. Additionally, the commerce participants could choose to view the financial information in currencies other their own local currency, or in multiple currencies. Thus, the system allows a commerce participant 110, 112 to view the relevant financial information in the commerce participant's 110, 112 own local currency, in the

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currency of another commerce participant 110, 112, in the currency of the transaction facilitator 111, in a previously unmentioned currency, or in several currencies at once. The present invention can thereby facilitate a commerce participant's 110, 112 choice of which transactions will best fulfill [their]its needs.--

Please replace the two paragraphs beginning at page 10, line 7, with the following rewritten two paragraphs:

--A first step can include integrating financing, escrow, insurance, and credit products [integrated] into an e-commerce infrastructure that offers alternative forms of payment guarantees. The e-finance solution of the present invention can address a variety of risks including market risk of a purchaser 112 and/or a seller 110, short-term exposure to a single entity in a one-to-many model, and commercial performance risk.

A second step can include integrating orders into a system of fulfillment functions including invoicing, shipping documents, and customs clearances. This system can also be enhanced with standardized document exchange across systems. In addition, an integrated offering can provide solutions for linking FX to delivery of goods thereby addressing delay or failure to deliver goods. Delay or failed delivery can affect market risk as payment may not be made on contractual settlement date.--

Please replace the paragraph beginning at page 10, line 26, with the following rewritten paragraph:

--A transaction participant can integrate [an] accounts payable systems with web-initiated payment messages. Transaction participants can thereby reconcile services that match data transmitted throughout market sites to banks, and data in accounts payable and receivable systems. In one embodiment, a seller 110 can offer a purchaser 112 special payment terms that depend on financing relationships.--

Please replace the three paragraphs beginning at page 11, line 18, with the following rewritten three paragraphs:

--Parties interested in products or services being offered by a commerce participant can access a website supported by the participant and retrieve the information related to a commerce participant's offering. The information retrieved can be tailored to the preferences of an interested party. For example, if the party is a purchaser located in Europe, the purchaser may prefer to view such information in Euros, or a local currency. The purchaser can indicate to a transaction facilitator 111 their viewing preferences or relay such information directly to a currency exchange system. Indications, including the currency in which the purchaser would like to view the information, can be made via computer settings, such as in a user profile, or via interaction with a user interactive website. The transaction facilitator 111 can also relay the information to the currency exchange system. The currency exchange system can convert financial information from one currency according to a predetermined arrangement, such as from Dollars to Euros, or other selected currency of the purchaser at a predetermined price. The currency exchange system can also transmit the information back to the transaction facilitator 111, in which case the transaction facilitator 111 can provide the Euros information to the purchaser for viewing.

It will be apparent to those in the art that the risk management system 113 provided will allow all commerce participants and potential commerce participants to view relevant financial information in the currency of their choice. Additionally, the commerce participants can choose to view financial information in currencies other than their own local currency, or in multiple currencies. Thus, the system allows a commerce participant 110, 112 to view financial information in their own local currency, in the currency of another commerce participant 110, 112, in the currency of the transaction facilitator 111, in a previously unmentioned currency, or in several currencies at once. Through this system, the commerce participants can choose parameters relating to a [the]transaction which best fulfill[s] the participant's needs.

Fig. 2 shows a network of computers 200 that may be used in one implementation of an on-line sales risk management system 100. The network 200 can include a transaction facilitator system 208 and exchange system participant network access devices 201-206. Each of the network access devices can include a processor, memory, a user input device, such as a keyboard

and/or mouse, and a user output device, such as a video display and/or printer. The exchange system participant network access devices 201-206 can communicate with the transaction facilitator system 208 and currency exchange server 207 to obtain information stored as data on a storage medium 245 at the [transaction facilitator 208]currency exchange server 207. In addition, a participant 231-236 operating a network access device 201-206 may complete a transaction with a transaction facilitator system 208.--

Please replace the equation at page 14, line 4, with the following rewritten equation:

$$--X = Y \text{ if } A \leq Z [\geq] \leq B--$$

Please replace the two paragraphs beginning at page 15, line 8, with the following rewritten two paragraphs:

--To allow the smooth flow of operations for the e-commerce participant and its customers, it may be desired to prevent transactions from being stalled while the currency exchange risk management system 113 waits for the financial institution and the commerce participant to re-negotiate the currency price. To avoid such delays the currency exchange risk management system 113 can be programmed such that, by way of example, in the event the spot price exceeds the negotiated tolerance level, the system [107]113 will allow the transaction to be completed, but at the spot price instead of the negotiated currency price. Alternatively, the system [107]113 may be programmed to compute a modified currency price, based upon parameters previously set by the financial institution and the commerce participant, and to complete the transaction at the modified currency price.

By way of example only, a currency exchange institution and an e-commerce participant can negotiate an exchange price of 100 Japanese Yen per 1 United States Dollar ("USD"), with a 10% tolerance level. If the spot price for Japanese Yen rises to 105 Japanese Yen per 1 USD, then the exchange rate between the currency exchange institution and the e-commerce participant will remain at 100 Yen per 1 USD, since the spot price is within the 10% tolerance level. If, however, the spot price for Japanese Yen should further rise to 112 Yen per 1 USD, then the spot price will have exceeded the tolerance level of 10%, and the currency exchange rate will be re-

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negotiated. Similar calculations and comparisons may be performed should the spot price of the relevant currency fall below the tolerance level established by the exchange participants.--

Please replace the equation at page 16, line 16, with the following rewritten equation:

$$--X = Y \text{ if } A \leq Z [\geq] \leq B \text{ and } A \neq B--$$

Please replace the four paragraphs beginning at page 17, line 15, with the following rewritten four paragraphs:

--A currency exchange risk management system 113 can lower costs and reduce risks connected with cross-border transactions. Additionally, this technology can be integrated into a B2B company's existing back-end infrastructure. A scalable architecture can allow a participant to begin with limited services and progress to include a full-scale solution that handles credit, foreign exchange conversion, transaction settlement, and logistics.

A currency exchange risk management system 113 can present to users of B2B exchanges and portals both bid and ask prices in their local currencies, regardless of what country a supplier [111]110 or a purchaser 112 on the opposite side of the transaction is located. These prices can be programmed to adjust in real-time via a live pricing feed, or [be]set for a predetermined period of time.

Referring now to Fig. 3a, a U.S. based supplier can post an asking price 306, such as, for example USD 1 million for X widgets. A purchaser 112, such as a European buyer 301, a Korean buyer 302, an Australian buyer 303, a Canadian buyer 304, or a British buyer 305 can view a price posted in a local currency 311, as well as an FX rate 312 and the price converted to another currency, such as U.S. Dollars 313.

A buyer 301-305 can also post an offer to buy in the buyer's 301-305 local currency 311, which can be automatically converted such that the supplier can view the prices only in USD 313, or perhaps USD and the seller's currency, which can be, by way of non-limiting example, the buyer's 301-305 local currency 311 or USD 313. A supplier may be able to benefit from such automatic viewing, as the supplier can easily determine which purchaser 301-305 is offering a price most favorable in USD terms.--

Please replace the paragraph beginning at page 18, line 13, with the following rewritten paragraph:

--Referring now again to Figs. 3a and 3b, examples are also illustrative of an interface fed by a live pricing mechanism, such as a data [deed]feed. Live prices can continuously fluctuate via the live pricing feed, and thus, so would the bid and ask prices on site users' screens. In addition, the currency exchange risk management system 113 could present the feel of an exchange trading floor. A purchaser 112 and a supplier can be brought closer on pricing discrepancies.--

Please replace the paragraph beginning at page 18, line 24, with the following rewritten paragraph:

--In the example illustrated, a price band 411 tracks live data 412 of a currency. The price band can sometimes reflect a better price than the currency rate. However, when the currency rate moves outside a pre-determined number of pips on either side of the price fix, in this case 0.962, the FX rate shown to customers will shift higher or lower to a new fixed band, reflecting an underlying movement in the currency. Therefore, live price can be displayed within pre-specified bands and prices would shift on a participant's screens as prices moved outside the pre-determined bands.--

Please replace the four paragraphs beginning at page 19, line 18, with the following rewritten four paragraphs:

--The present invention can provide currency information to each of the market participants in the participant's local currency. The information in local currency of the purchaser 112 can be first converted to the local currency of the e-commerce portal. In addition, the information can be converted from the currency of the e-commerce portal to that of the local currency of the purchaser 112. Conversely, information from the purchaser 112 can be converted to the currency of the e-commerce portal, and also to the currency of the seller. This dual conversion system allows each participant to the transaction to view the relevant price information in his local currency. An additional aspect of the current invention allows each party

to view relevant price information not only in his own currency, but also in the currency of other market participants. A further embodiment allows a market participant to compare price information of several market participants at once, thereby enabling the participant to select the most advantageous transaction.

Referring now to Fig 6, the present invention can also address other aspects of an online transaction and combine those aspects with online management of risk associated with foreign exchange of currency. For example, the currency risk management system 113 can receive an amount relating to a deliverable [611]610. A deliverable can be a good, service, currency, financial instrument, security, data, license, or other transferable. The amount related to the deliverable can include the amount the purveyor or seller will receive for the deliverable, such as the cost of a good. Generally, the currency risk management system 113 will receive the amount via a data signal that can be fed directly into the system. Alternatively, the amount can be entered with an input device into the currency risk management system 113. For example, the amount may be conveyed to an operator with access to a network access device via a voice message, hardcopy, fax, e-mail or other medium, and subsequently entered with a keyboard, pointing device, or via voice recognition. Other methods of inputting the amount can also be utilized if desired.

A cost of credit that will be extended to a buyer[611] can be determined 611 according to known practices and/or jurisdictional restrictions related to credit. For example, the size of the transaction, the period allowed until repayment, the rate of interest, the credit history of the buyer, the volume of business the buyer transacts and other factors can be considered in calculating the cost of credit. Similarly, a cost for an exchange of currency can also be calculated 612. A cost for exchange of currency can be based upon factors such as, the currencies involved, market data, the relationship between the buyer and the financial institution providing the currency exchange, an aggregate volume of currency exchange, the amount of the associated transaction, and/or other related factors.

In addition, a discount on the cost for the exchange of currency can also be calculated 613. Discounts can be determined according to a volume of business of one or both participants,

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by agreement with a transaction facilitator₁₁₁, by agreement with a participant or other interested party, or by other criteria. The discounted cost of exchange of currency can be incorporated into the calculation for the price of the deliverable 614.--

Please replace the five paragraphs beginning at page 21, line 8, with the following rewritten five paragraphs:

--Different embodiments of the present invention can include incorporating a cost of credit into a foreign exchange price, or into the price of a deliverable involved in the transaction. A deliverable can include a good, service, financial instrument, currency, real estate, contract, or other valuable that is marketed or otherwise presented for transaction via a network. The price for the deliverable can include those costs [to] attributable to the deliverable's procurement.

One exemplary flow of steps that can be used to accomplish functionality associated with issuing online credit and managing risk includes receiving an amount into the currency exchange system that relates to a deliverable of a transaction that may be executed 610. The exchange server can calculate a cost for credit that may be extended to a participant of the transaction 611. Cost for credit can include factors associated with a participant of the transaction[], the deliverable, the terms or other associated criteria. Examples of factors can include[,] the risk associated with the participant, the amount of the credit, the volume of business a credit provider conducts with the participant, a payment history associated with the participant, the type of deliverable, collateral for the credit, or any other pertinent information.

Referring now again to Fig. 6, the calculated price for the deliverable can be transmitted to a participant of the transaction 615.[,] P[p]referably transmission is accomplished via a communications network 200. Alternatively, transmission can be accomplished via a voice line, fax, or other means of communication. If it is desired, a detailed breakdown of the transmitted price can also be transmitted 616. The detail can include each element involved in calculating the price for the deliverable.

Referring now to Fig. 7, the automated online sales risk management system can also incorporate managing insurance related to a participant in the transaction. An amount of

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insurance available to an insured participant can be entered into the system 710. The system can receive information descriptive of an online transaction involving the insured participant 711. Receipt of the information can cause the system to confirm that available insurance is sufficient to guarantee payment of the purchase price 712. If the insurance is not sufficient 713, the currency risk management system 113 can notify the participants [713]719. One, or both participants may then terminate the transaction if desired. If the insurance is sufficient, the currency risk management system 113 can wait to receive notification of a next step. In one embodiment, the amount of insurance can be a notional amount variable over time.

A next step can include receiving notification of shipment of a deliverable related to the transaction 714 and/or receiving notification of receipt of a deliverable related to the transaction 715. Upon receipt of the proper notification 714[-], 715, the system can process payment of the transaction amount 716. Payment processing can include electronic transfer of funds, generating a message which will cause the payment to occur or other payment methodologies.--

Please replace the paragraph beginning at page 22, line 19, with the following rewritten paragraph:

--Referring now to Fig. 8, another embodiment of the current invention can include aggregating risk related to online transactions and insuring the aggregated risk. One method that can be used to accomplish the insurance of aggregated risk, can include receiving information related to a credit application 810. The credit application information can be assigned to a risk category 811. A foreign exchange price for an amount related to an online transaction can be calculated 812 and a credit line can be issued to the participant 813. Payment related to the online transaction can also be processed 814. Risk associated with one or more credit applications that are assigned to a risk category can be aggregated 815 and the aggregated risk can be insured 816. A line of credit to the participant which includes terms relating to the risk category assigned can also be issued 817. The credit issued can be aggregated according to the risk category assigned 818 and the aggregated credit can be transferred using processes, methods and terms well known for the transfer of credit and risk 819.--

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Please replace the two paragraphs beginning at page 23, line 23, with the following rewritten two paragraphs:

--Computers 201-208 involved in the present invention may be connected to each other by one or more network interconnection technologies. For example, dial-up lines, token-ring and/or Ethernet networks 110, 140, T1 lines, asynchronous transfer mode links, wireless links, digital subscriber lines (DSL) and integrated service digital network (ISDN) connections may all be combined in the network [100]200. The internet protocol can be adhered to and other packet network and point-to-point interconnection technologies may also be used. Additionally, the functions associated with separate processing and database servers in the exchange server 207, the transaction facilitator system 208, or other computers may be integrated into a single server system or may be partitioned among servers and database systems that are distributed over a wide geographic area.

A number of embodiments of the present invention have been described. Nevertheless, it will be understood that various modifications may be made without departing from the spirit and scope of the invention. For example, computers 201-206 can comprise a personal computer executing an operating system such as Microsoft Windows™, Unix™, or Apple MacOS™, as well as software applications, such as a web browser. Computers 201-206 can also be terminal devices, [a]or palm-type computer WEB access devices that adhere to a point-to-point or network communication protocol such as the Internet protocol. Other examples can include TV WEB browsers, terminals, and wireless access devices (such as a 3-Com Palm organizer). A customer computer may include a processor, RAM and/or ROM memory, a display capability, an input device and hard disk or other relatively permanent storage. Accordingly, other embodiments are within the scope of the following claims. Similarly, the transaction facilitator 208 and the currency exchange system 207 can be any computer system known to those skilled in the art.--